



A Message from Retirement Board Chairman, Jody B. Olson

If retiring in summer, get your Base Plan retirement application in early

At PERSI, summer is our busiest time. That's because teachers and many others choose to retire then. Because we have a 400% increase in retirees in summer, we suggest that you start getting your retirement application process going now. Use the checklist inside to get organized and find out what is needed.

If you're a teacher, you will probably stop working in June, but your contract will end in late August. This means that your "retirement date" will likely be September 1.

If you want to be a September 1 retiree, we'd like to receive your application by July 1, or sooner, to

allow for plenty of follow-up time should we need to contact you for anything. The absolute deadline for September retirees is August 1.

If you retire any other time of year, we need your retirement package in the Boise office by the 15th of the month before your retirement date to ensure that you get on retiree payroll on time. If the 15th is on a weekend, we need your paperwork the Friday before that. (Example, if your retirement date is June 1, we need your completed packet in Boise by May 15 at the latest.)

Once we hit the 16th of the month we will continue to process

applications in the order received, but we cannot guarantee you'll make it on the next payroll!

Five working days before the end of the month you may call to see if you are on the upcoming payroll or not.

As long as we have everything (all signatures, notarizations, birth certificate(s), Social Security card(s), and notification from your employer) you will receive your first check the first of the next month.

Checks are put in the mail the last working day of the month. Direct deposits are deposited the last working day of the month. ♦

PERSI Choice Plan 401(k) FAQs

How do I check on my Choice Plan account balance?

You may check your account balance at www.persi.state.id.us/choice.htm or by calling toll free 1-866-ID-PERSI. You will need your PIN for this transaction. You will also receive quarterly printed statements.

How do I get my Personal Identification Number (PIN)?

You may request a reminder letter by calling 1-866-ID-PERSI. Enter your SSN. When prompted, press the "*" key. Or go to "Choice Plan

Personal Account Information" on www.persi.state.id.us/choice.htm. Enter your SSN and select "Click to request PIN number reminder letter." You will receive your PIN reminder within 10 days of your request.

How much can I contribute?

In 2003, you may contribute \$12,000 to the Choice Plan. This amount will increase by \$1,000 each year until 2006, after which time it will be adjusted for inflation annually in \$500 increments. If you are at least age 50 during 2003, you may

also contribute an extra \$2,000 as a "catch-up." This will also increase by \$1,000 each year until 2006.

What are my limits if I'm also in a 457 or 403(b) plan?

In 2003: If you are contributing to both the 401(k) and a 457 plan, you may contribute \$12,000 to each, (if at least age 50, \$14,000 to each). If you are contributing to both the 401(k) plan and a 403(b) plan, you must aggregate the two funds and

Retirement

No matter if you're a few months or a few years from retirement, you should start thinking about the steps you need to take to make your transition into retirement as smooth as possible. Here is a checklist to help you plan a successful retirement and the documents needed to complete PERSI's retirement process.

Throughout Your Career

- Review your PERSI Base Plan annual statements (sent each fall) for accuracy.
- Review your quarterly PERSI Choice Plan 401(k) statements for accuracy and to see if you want to increase your voluntary contributions or change your investment mix.
- Evaluate your personal finances regularly including assets, liabilities, insurance, and investments.
- Attend PERSI's Retirement and Investment Education Presentations.

Three Years Before Retirement

- Call PERSI to receive a Base Plan benefits estimate and to verify your service history.
- Contact Social Security to verify work history and to receive an estimate.
- Attend a PERSI Retirement Workshop.

One to Two Years Before Retirement

- Call PERSI for an updated Base Plan benefits estimate and to learn Choice Plan payment options in retirement.
- Contact Social Security
 - to verify work history and to receive an estimate (needed to estimate PERSI Options 3, 4A, and 4B).
 - to find out procedures on applying for benefits and Medicare enrollment (parts A & B).
- Contact any other tax-deferred annuity agents or financial planners to discuss other retirement income.
- Consult with a tax specialist about the tax consequences of various pension payments.

Six Months Before Retirement

- Inform your employer of the date you plan to retire.
- If you are an employee of a state agency or an eligible school district or political subdivision, ask your payroll clerk the cash value of your unused sick leave. Your employer will inform PERSI of the amount.
- Ask your payroll clerk for a retiree health insurance enrollment form. State employees may obtain a retiree insurance request card from the Office of Insurance Management (208-332-1863 or 1-800-531-0597). Ask for a comparison of insurance rates between Retiree Medical Insurance and COBRA.
- Contact PERSI to receive an updated Base Plan benefits estimate and to request a retirement application.
- Provide PERSI with divorce decree if you were married while an active PERSI member and are divorced or divorcing.
- If age 62 or older, formally notify Social Security of your retirement plans.
- If you have NCPERS Insurance, check with your employer about continuing this after retirement.

Two Months Before Retirement

- Make an appointment to meet with a PERSI Rep (with your spouse). This is not required, but can be very helpful.
- Select a retirement option and prepare your application package (W4-P, state withholding, direct deposit, and retiree insurance forms). Your signature and your spouse's must be notarized. Please submit all forms to PERSI 45 days prior to your planned retirement date.
- Provide PERSI with other materials: Medicare cards, deposit slip from your bank, etc.
- Visit Social Security office with your spouse (if retiring at age 62 or over).
- Contact your payroll representative to finalize insurance arrangements, if any.

During Your Last Pay Period

- If you may use Unused Sick Leave to pay retiree medical insurance, remind your payroll clerk to advise PERSI of the cash value of your unused sick leave entitlement.

Checklist

- School district employees: ask your payroll clerk for a retiree health insurance form.
- State employees: contact Group Insurance for an Insurance Benefits Request form.

Before Retirement Effective Date

- Make sure your employer notifies PERSI of your termination from work. Your retirement cannot be finalized and may be delayed if we do not receive this notification.

Retirement Application Forms

Although we try to make your retirement as easy as possible, several forms are needed to complete the process. Contact PERSI to receive the forms. Please write your name and Social Security number somewhere on all documents.

- **Application for Retirement RS-121** – To select a retirement allowance and, if you wish, to name a Contingent Annuitant to receive a monthly allowance following your death. Signatures on this form must be notarized.
- **Choice Plan 401(k) Distribution Kit** – To select a payment option for your 401(k) funds. This form is only available by calling the Choice Plan phone (Toll-free 1-866-ID-PERSI) or via www.persi.state.id.us/choice.htm.
- **Retiree Insurance Benefits Request** – For qualifying State and school employees only – to continue coverage in your group medical plan. State employees: contact the Office of Insurance Management at 208-332-1863 or 1-800-531-0597. School employees: contact your payroll/personnel office for the form.
- **State Tax Withholding Certificate RS-322** – To withhold Idaho state income taxes from your monthly allowance.
- **Federal Tax Withholding Certificate W-4P** – To withhold federal income taxes from your pension. If this form is not completed, PERSI is required by the IRS to withhold at the rate of “married with three exemptions.”
- **Direct Deposit Authorization RS-448** – to deposit your monthly checks directly in your financial institution.
- **Beneficiary Designation RS-115** – If you have had a marriage, divorce, family death, etc. lately, you may wish to name a new beneficiary. You may want your beneficiary and Contingent Annuitant to be different people.
- **Notification of Separation RS-109** – Your employer must submit this prior to your requested retirement date.

Additional items needed for retirement

– Unless indicated, send photocopies of documents.

- **Birth Certificate**
- **Social Security Card**
- **Contingent Annuitant's Birth Certificate** Required if you select a CA
- **Contingent Annuitant's Social Security Card** Required if you select a CA
- **Medicare Card** School and State employees only – to continue coverage in the group medical plan and for Medicare.
- **Estimate of Your Social Security Benefit from Social Security** – Required if you are considering PERSI Retirement Options 3, 4A, or 4B.
- **Voided Deposit Slip from your Financial Institution** – Original, voided, deposit slip required to have your monthly allowance deposited directly in your financial institution.
- **Divorce Decree** – If you were married at any time while you were an active PERSI member and are divorcing, your spouse may be legally entitled to part of your PERSI benefit.

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you may contribute a total of \$12,000 (\$14,000 if at least age 50) between both plans. If you contribute to both a 457 plan and a 403(b) plan, you may contribute \$12,000 to each plan (\$14,000 to each if at least age 50).

How do I transfer my funds out of the Total Return Fund into the other 10 funds?

To transfer your funds, call toll-free 1-866-ID-PERSI or go to www.persi.state.id.us/choice.htm under "Choice Plan Personal Account Information." You will need your PIN.

How do I change my future investment allocations?

To change your investments for future contributions, call toll-free 1-866-ID-PERSI or go to www.persi.state.id.us/choice.htm under "Choice Plan Personal Account Information." You will need your PIN.

Can I take a loan from the PERSI Choice Plan?

Yes. You may borrow up to 50% of your account balance. There is a minimum loan amount of \$1,000, so you must have at least \$2,000 in available funds to qualify for a loan. Available funds include voluntary contributions, rollover amounts from previous plans, earnings, and any employer contributions. Gain Sharing money is not eligible for loans. You may apply for a loan via the web or toll-free phone.

How do I pay back the loan?

You pay your loan back through payroll deductions.

Is there a downside to getting a loan from the Choice Plan?

There may be. Even though you are

paying the principal and interest back to yourself, you are paying it back with after-tax money. The money you use to payback the loan will be taxed again when you take a distribution from the plan. Also, you may miss out on potential earnings on the money while it is on loan.

Can I pay off my loan early?

Yes. You may call toll-free 1-866-ID-PERSI or 208-334-2451 x293 or 1-800-451-8228 to get your payoff amount and the location to send a certified check or money order made payable to Mellon Bank. Include your Social Security Number on the check. Please advise PERSI if you pay off a loan early so that we can advise your payroll clerk to discontinue your loan payments.

How do I get a distribution from my Choice Plan after I retire or terminate my employment?

Request a distribution kit by calling toll-free 1-866 ID PERSI or via www.persi.state.id.us/Choice.htm under "Personal Account Information." You may also request a kit from the 401(k) department at PERSI by calling 208-334-2451 x293 or 1-800-451-8228. A distribution generally takes 10 to 14 days.

Can I take money out while I'm working?

You may be eligible for an in-service withdrawal. If you have rollover funds in your Choice Plan, you may request a distribution of those at any time, regardless of your age. If you have funds that were transferred from the Idaho Super Saver 401(k) Plan (called "prior" funds), you may request an in-service withdrawal of those if you

are at least age 59 1/2. These payments are subject to early distribution penalties; 20% will be withheld for federal taxes, and a 10% penalty will apply if you are under age 59 1/2. Any other money contributed to the Choice Plan after October 1, 2001, regardless of the source, is not eligible for withdrawal while you are working. Other Choice Plan payments are only available upon termination, retirement, death, disability or hardship.

How do I roll funds from a previous 401(k) plan into my Choice Plan?

Ask for a "Request for Rollover" form by calling 208-334-2451 x293 or 1-800-451-8228. You will need to complete Section One on the form and ask your previous plan administrator to complete Section Two. The rollover check should be made out to Mellon Bank, NA and sent to Mellon HR Solutions at the address included on the Rollover form. It is very important that the Rollover form be sent to Mellon along with the check; otherwise, Mellon cannot deposit the check. ♦

I D A H O

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